



ITG News



Keeping First Nations Informed

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Message from the Director

The IRS office of Indian Tribal Governments (ITG) recently entered its 8th year of existence. When it was first created many tribes questioned the commitment of the IRS to maintain a distinct component that would interact with tribal governments, and dedicate the resources required to continually train new staff to understand tribal protocols and the unique nuances of tribal/federal relations.

We have experienced significant turnover in these eight years, having lost 24 members of our initial staff of 68. Thirteen of them left for promotional opportunities within the IRS, while an additional nine retired from government service.

I am pleased that we have been able to not only fill the resultant vacancies created by these departures, but have been able to continue to identify candidates who have a genuine interest in working with tribal governments to ensure federal tax compliance and protect tribal assets for the benefit of tribal members. As we enter our eighth year, ITG has 71 total staff and is in the process of hiring 3 new employees.

We recognize that we will continue to have turnover, as we are no different from tribal governments who have the same personnel experiences. In fact, we have twelve current employees who are eligible for retirement at this time, with several more becoming eligible over the next year. Change is inevitable, but our commitment to recruit and maintain staffing that will ensure the IRS will continue to have a component that is dedicated solely to tribal issues is unwavering.

As these changes occur, we will advise tribes of staffing and contact changes. Our web site listing of ITG contact points for every tribe and Navajo Chapter will be continuously refreshed. Our Consultation Listening meetings, quarterly newsletters, outreach events, and self-service sections of our web site will continue, even though the ITG staff doing the work may change.

Christie Jacobs



***...we are committed to
recruiting and
maintaining dedicated
staff...***

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Accuracy in the Electronic Filing of BSA Forms

Many tribal casinos have taken advantage of the opportunity to remit their Bank Secrecy Act filing electronically. Although e-filing of these forms can save substantial time and improve accuracy, it is important to follow all of the required formatting.

When the filing data is received at our Detroit Computing Center, the import program is designed to recognize certain characteristics as the point of separation between fields. For example, the "Name" field requires a slash bar to separate the last name/first name/middle initial. The proper format would be "DOE/JOHN/J".

We recently discovered that one casino has filed 12,394 CTR-C forms using a space to separate the name fields, in lieu of the required slash bar. This caused the import program to treat all of the name elements as a last name, and rendered the information unusable to law enforcement personnel who routinely utilize BSA report filings to develop and sustain cases against individuals who have committed crimes.

This type of error requires correction, and can be costly to a casino if the forms must be re-done and re-transmitted. Furthermore, during the period of time that corrective action is underway, the data in the BSA filing is not in the database and is therefore not available to law enforcement personnel. This type of delay could cause harm to a potential criminal case.

While we urge all casinos to avail themselves of e-filing of BSA forms, we also urge them to carefully review the formatting and submission instructions so as to avoid simple errors that can be costly to the casino and law enforcement.

Questions concerning e-filing of BSA forms, or the requirements of the Bank Secrecy Act in general, can be directed to your assigned ITG Specialist.

Self-Assess Your Federal Tax Compliance Risks

Tribal entities can now self-assess their federal tax compliance and work with ITG to address any problems they uncover. Entities electing to participate receive a fillable template from ITG, and are provided with the name of a local ITG Specialist who will serve as their resource during the process.

Information on the program, as well as an on-line request form, is available through the "Enhancing Federal Tax Compliance" link on the right-hand of the ITG web site landing page at www.irs.gov/tribes, or you can make an inquiry about the program via e-mail to tege.itg.tefac@irs.gov

Want to Avoid Penalties?

Are you incurring penalties? Do you want to eliminate penalties in the future?
ITG has a "Helpful Hints to Avoid Penalties" job aid that can assist you.
It's available by ordering our "Tax Tools for Tribes" CD-Rom via e-mail
at ITG.TaxTools@irs.gov.



ITG Undertakes Changes in Response to the Customer Satisfaction Survey

A team of ITG Specialists recently convened to analyze the results of last fall's Customer Satisfaction Survey. The data showed several common areas of concern by tribes. The team developed a series of actions to address the concerns, and also developed changes in future survey processes in the hope that we can increase the survey response rate.

Many of the actions have been recently implemented, while others will be occurring over the next 3-6 months. These actions include, but are not limited to:

Providing increased information on tribal member federal tax issues:

- Our newsletters will now contain at least one page that is dedicated to the individual tax issues faced by tribal members.
- The "Frequently Asked Questions" section of our web site at www.irs.gov/tribes will contain a new category focused solely on tribal member issues.
- Our Individual Issues Primer for Tribal Members will be automatically distributed to every tribe each January as part of our "Tax Tools for Tribes" CD-Rom.

Improving the timeliness of information on federal tax law changes that affect tribes:

- Issue a revised "Tax Tools for Tribes CD-Rom to every tribe each time an ITG tax product is updated due to a law or regulatory change, and include an "Alert" noting the change and potential impact on the tribe.
- Update the ITG listing of Tribal and Navajo Chapter contacts, so that our issuances reach a designee at 100% of the tribes/chapters.

Improve our outreach efforts for the Navajo Chapters:

- In conjunction with the Navajo Nation, conduct comprehensive Employment Tax training for every Navajo Chapter, using an approach modeled after successful efforts in Alaska.
- Create a unique issue of ITG News that is solely for the Navajo Chapters and will focus on the federal tax issues of concern to them.

Improve awareness of federal tax law issues of greatest concern to each tribe:

- Conduct an annual solicitation of each tribe for issues they believe are unique to them, and that are not being addressed by ITG.

Improve assistance in the area of federal tax and deposit penalties:

- Update the "Helpful Hints to Avoid Penalties" job aid for tribes, to include more content on relevant issues being faced by tribes.

Improve explanations of why examination adjustment were made, and help the tribe to avoid similar problems in the future:

- At the conclusion of every examination or Compliance Check where a problem was identified, ITG will issue a letter listing the specific problem, the likely cause, and recommendations for future prevention of items that may recur.

If there are any questions on any of these items, please feel free to contact your assigned ITG Specialist, and our thanks to all of the tribes/chapters that provided their input to enable us to make the changes they outlined.



\$\$—Economic Stimulus Payments —\$\$

What tribal Members Need to Know And What To Do

Starting in May, economic stimulus payments of up to **\$600** for individuals or **\$1,200** for married couples will be issued by the IRS based on 2007 tax returns. Parents also get \$300 for each eligible child.

To receive the payments this year, people must file a 2007 tax return. That's it. The IRS will determine eligibility, figure the amount and send the payment. This payment will be in addition to taxpayers' refunds.

But, the IRS needs your help. Many people are eligible for the payments but may not know it.

Some people do not file a tax return because their income is too low or their benefits are nontaxable. Because they don't file a tax return, the IRS does not know their names or addresses.

People who do not normally file a tax return but who have at least \$3,000 in qualified income may be eligible for a minimum payment of **\$300** for individuals or **\$600** for married couples.

The \$3,000 must come from specific sources. It must be earned from wages or self-employment. Or, it must be from certain benefits such as Social Security retirement, Railroad Retirement or Veterans Affairs payments to disabled veterans or veterans' survivors. It also can be from a combination of wages and these benefits.

There are some restrictions. People must have valid Social Security numbers for themselves and children. Those who are claimed as a dependent on someone else's tax return, or who are eligible to be claimed as a dependent on someone else's tax return, do not qualify.

The IRS is working with the Social Security Administration and Department of Veterans Affairs to locate their beneficiaries who may be eligible. Also, people who do not file a tax return because of low incomes are hard to locate. The IRS does not have their names or addresses.

Tribal governments can help by spreading the word about these payments, especially to those people who normally don't file a tax return. The IRS also is encouraging churches, charities, nonprofit and government organizations to help reach out to those who may be eligible for the payments.

People who already file a tax return each year, need do nothing more to file their tax return. The IRS will do the rest. People who normally don't file a return can use Form 1040A with just a little information. There is no need to complete all the lines on the form. Details needed include:

- Name, address, Social Security number;
- Filing status, names and Social Security numbers of children;
- Workers with low incomes must complete Line 7;
- Recipients of certain benefits from Social Security retirement, Railroad Retirement and Veterans Affairs can report their total benefits on line 14a of Form 1040A;
- Write "Economic Stimulus Payment" at the top of the return.

Filers with bank accounts should use direct deposit. It is the fastest way to receive stimulus payments. The IRS will begin sending taxpayers their payments in early May after the current tax season concludes. These payments will not be taxable nor will the payments affect any federal benefits people are receiving.

The IRS web site, www.irs.gov, is the best source of information on economic stimulus payments.



Employees Misclassified as Independent Contractors

In 2007 were you an employee that was paid as an independent contractor? Workers who receive a Form W-2 are classified as employees, with their Social Security and Medicare taxes withheld on Form W-2, while workers who receive a Form 1099-MISC are treated as independent contractors and are required to pay their own Social Security and Medicare taxes.

Beginning in 2007, Form 8919, "Uncollected Social Security and Medicare Tax on Wages", is a form that may be used if you were an employee and your employer did not withhold your share of Social Security and Medicare taxes on the income that you earned and you meet certain criteria. These taxes will then be credited to your Social Security Records.

Generally income received on Form 1099-MISC as non-employee compensation is reported on Form 1040 and Schedule C. The worker must pay Self-employment tax on Schedule SE on the net profit reported from the Schedule C.

You must file Form 8919 if *all* of the following apply:

- You performed services for a firm
- The firm did not withhold your share of social security and Medicare taxes from your pay
- Your pay from the place you worked at was not for services as an independent contractor
- One or more of the reasons listed below applies to you:
 - ⇒ You were previously treated as an employee by your employer and you are performing services in a similar job and under similar supervision and control
 - ⇒ You filed Form SS-8, "Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding", and received a determination letter from the IRS stating that you are an employee of the firm.
 - ⇒ You have been designated as a "Section 530 employee" by your employer or by the IRS prior to January 1, 1997
 - ⇒ You have received other correspondence from the IRS that states you are an employee
 - ⇒ You filed Form SS-8 with the IRS and have not received a reply

Employee Tip Income Program Questions

ITG has a full-time Tip Coordinator to assist you with any questions about tip reporting agreements. If you are interested in securing a Tip Agreement, have questions concerning your existing agreement, or have received a notice about tip reporting responsibilities that is unclear, please contact Suzanne Perry at (602) 207-8254.

Reporting Abuses/Schemes

We continue to work with tribes and tribal officials to address financial abuses and schemes being promoted in Indian country. Working together can help ensure the integrity of tribal finances, and eliminate the threats posed by individuals with schemes that appear "too good to be true" and often are. If you are aware of financial impropriety, or of a promoter advocating a scheme that appears highly suspect, you can contact the ITG Abuse Detection and Prevention Team at (716) 686-4860, or via e-mail at tege.itg.schemes@irs.gov



**** REMINDER ****

Poker Tournament Reporting Requirements Start on March 4, 2008

In the October 2007 edition of the ITG Newsletter advanced notice was given that beginning March 4, 2008, the IRS will require casinos and other sponsors of poker tournaments to report winnings in excess of \$5,000, both to the winners and to the IRS. This is a timely reminder that this change is now in effect.

Revenue Procedure 2007-57 now requires poker tournament sponsors, including casinos, **to withhold and report** on payments of more than \$5,000 made to a winning payee in a taxable year by filing an information return with the IRS as prescribed by section 3402(q). The poker tournament sponsor must furnish a copy of the information return to the IRS on or before February 28 (March 31 if filed electronically) of the calendar year following the calendar year in which the payment is made, as prescribed by section 31.3402(q) of the regulations.

For tournaments completed during 2007 and before March 4, 2008, the IRS will not require casinos and other sponsors of poker tournaments to report the winnings to the IRS or withhold tax on the winnings. However, as of March 4, 2008, the IRS now requires all tournament sponsors to report tournament winnings of more than \$5,000, usually on an IRS Form W-2G. Tournament sponsors who comply with this reporting requirement will not need to withhold federal income tax at the end of a tournament. But If any tournament sponsor does not report the tournament winnings, the IRS will enforce the reporting requirement by also requiring the sponsor to pay any tax that should have been withheld from the winner. The withholding amount, referred to by the IRS as “**backup withholding**” is normally 25 percent of any amounts that should have been reported.

So that tournament sponsors can comply with this requirement, tournament winners must provide their taxpayer identification number, usually a **social security number**, to the tournament sponsor. If a winner fails to provide their identification number, the tournament sponsor **must withhold** federal income tax at the **rate of 28 percent**.

Of course, all tournament winners must report their winnings on their federal income tax returns regardless of the amount and regardless of whether the winner receives a Form W-2G or any other reporting form. This is true for 2007 and earlier years, and continues to be the law after this Revenue Procedure went into effect.

The current Publication 3909, *Gaming Tax Law and Bank Secrecy Issues for Indian Tribal Governments*, does not yet have the changes made by Rev. Proc. 2007-57, but will be updated by early 2009.

If you have further questions, you may contact your ITG Specialist.



>>>> *Southwest Indian Tribal Government Specialists* <<<<

Due to recent personnel changes and realignment of tribal assignments, the current Southwest ITG Specialists are listed below with their assigned tribes and pueblos. If you have a question and your assigned Specialist is not available, please contact **Anita D. Gentry, Southwest Group Manager, at (505) 837-5573 or e-mail her at Anita.D.Gentry@irs.gov.**

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(602) 207-8751

Arizona: Fort McDowell Yavapai Nation, Havasupai Tribe, Hopi Tribe, Hualapai Tribe, Kaibab-Paiute Tribe, Navajo Nation-- Chinle Agency, Yavapai-Apache Nation, Yavapai-Prescott Indian Tribe

Utah: Paiute Indian Tribe of Utah & Ute Indian Tribe of Utah

Jimmy Crook

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(505) 837-5613

New Mexico: Jemez Pueblo, Laguna Pueblo, Navajo Nation-- Eastern Agency, Santa Ana Pueblo, Santo Domingo Pueblo, Taos Pueblo, Tesuque Pueblo, Zia Pueblo

Colorado: Ute Mountain Tribe

Lonnette Graham

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New Mexico: Acoma Pueblo, Isleta Pueblo, Mescalero Apache, Navajo Nation-- Northern Agency, Pojoaque Pueblo, San Ildefonso Pueblo, Sandia Pueblo, Zuni Pueblo, San Juan Pueblo

Colorado: Southern Ute Tribe

Theresa Nosie

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(602) 207-8734

Arizona: Navajo Nation--Western Agency, Salt River Pima-Maricopa Indian Community, Tonto Apache Tribe, White Mountain Apache Tribe

Utah: Skull Valley Band of Goshutes

Michelle Risk

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(520) 205-5022

Arizona: Ak-Chin Indian Community, Cocopah Indian Tribe, Colorado River Indian Tribes, Fort Mojave Indian Tribe, Fort Yuma-Quechan Indian Tribe, Gila River Indian Community, Navajo Nation-- Fort Defiance Agency, Pascua Yaqui Tribe, San Carlos Apache Tribe & Tohono O'odham Nation

Catherine St. Gregory

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New Mexico: Cochiti Pueblo, Jicarilla Apache Tribe, Nambe Pueblo, Picuris Pueblo, San Felipe Pueblo, Ohkay Ohwingey Pueblo, Santa Clara Pueblo

Texas: Ysleta Del Sur Pueblo

For a complete listing of ITG Specialists and their assigned tribes and pueblos, go to http://www.irs.gov/pub/irs-tege/itg_specialists.pdf

To add your name or e-mail address to our mailing list, please contact us via e-mail at Aaron.H.Coleman@irs.gov, or call Aaron Coleman at (602) 207-8751.



Federal Tax Calendar for Second Quarter 2008

April 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2 * make a deposit for 3/26-3/28	3	4 * make a deposit for 3/29-4/1	5
6	7	8	9 * make a deposit for 4/2-4/4	10 Employees report March tip income to employers if \$20 or more	11 * make a deposit for 4/5-4/8	12
13	14	15 ** make a deposit for March if under the monthly deposit rule	16	17 * make a deposit for 4/9-4/11	18	19
20	21 * make a deposit for 4/12-4/15	22	23 * make a deposit for 4/16-4/18	24	25 * make a deposit for 4/19-4/22	26
27	28	29	30 * make a deposit for 4/23-4/25			

May 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2 * make a deposit for 4/26-4/29	3
4	5	6	7 * make a deposit for 4/30-5/2	8	9 * make a deposit for 5/3-5/6	10
11	12 Employees report April tip income to employers if \$20 or more	13	14 * make a deposit for 5/7-5/9	15 ** make a deposit for April if under the monthly deposit rule	16 * make a deposit for 5/10-5/13	17
18	19	20	21 * make a deposit for 5/14-5/16	22	23 * make a deposit for 5/17-5/20	24
25	26	27	28	29 * make a deposit for 5/21-5/23	30 * make a deposit for 5/24-5/27	31

* = Make a Payroll Deposit if you are under the semi-weekly deposit rule.

**= Make a Monthly Deposit if you qualify under that rule.

8 NOTE: Deposits made through EFTPS must be initiated at least one day prior to the due dates listed above in order to be timely.



June 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4 * make a deposit for 5/28-5/30	5	6 * make a deposit for 5/31-6/3	7
8	9	10 Employees report May tip income to employ- ers if \$20 or more	11 * make a deposit for 6/4-6/6	12	13 * make a deposit for 6/7-6/10	14
15	16 ** make a deposit for May if under the monthly deposit rule	17	18 * make a deposit for 6/11-6/13	19	20 * make a deposit for 6/14-6/17	21
22	23	24	25 * make a deposit for 6/18-6/20	26	27 * make a deposit for 6/21-6/24	28
29	30					

* = Make a Payroll Deposit if you are under the semi-weekly deposit rule. NOTE: Deposits made through EFTPS must be initiated at least
 **= Make a Monthly Deposit if you qualify under that rule.

Return Filing Dates

April 30th

- > File Form 730 and pay the tax on applicable wagers accepted during March.
- > File Form 941 for the 1st quarter of 2006. If all deposits paid on time and in full, file by May 12th.

June 2nd

- > File Form 730 and pay the tax on applicable wagers accepted during April.

June 30th

- > File Form 730 and pay the tax on applicable wagers accepted during May.

July 1st

- > File Form 11-C to register and pay the annual tax if you are in the business of taking wagers.